

HOUSE BILL NO. 511

INTRODUCED BY J. WINDY BOY

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS FOR THE STATE SHARE OF CONSTRUCTION EXPENSES OF REGIONAL WATER PROJECTS; AUTHORIZING THE CREATION OF STATE DEBT; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Coal severance tax bonds authorized -- regional water projects. (1)

The legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds. The board of examiners is authorized to issue coal severance tax bonds in an amount not to exceed \$17 million, of which \$15.4 million must be used to finance the state share of construction expenses of regional water projects and the costs of issuance of the bonds. Up to \$1.6 million must be used to establish a reserve for the bonds. Proceeds of the bonds are appropriated to the department of natural resources and conservation for these purposes.

(2) In connection with the issuance of coal severance tax bonds, the board of examiners may pay the principal and interest on the bonds when due from the debt service account and in all other respects manage and use the funds within each special bond account for the benefit of the bonds. The board of examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial arrangements for the state.

(3) Earnings on bond proceeds prior to the completion of any regional water project must be allocated to the debt service account to pay the debt service on the bonds during this period.

(4) The legislature does not pledge any revenue, assets, or money from any project funded by the coal severance tax bonds authorized in this section or from any other source to pay debt service on the bonds, other than the coal severance tax bond fund. The legislature may at its discretion appropriate to the payment of principal and interest on the bonds authorized in this section payable in a fiscal year any available funds in the treasure state endowment regional water system special revenue account established in 90-6-715. Subject to the limitations in 90-6-715, funds in the treasure state endowment regional water system special revenue account are subject to appropriation for other purposes by the legislature and are not reserved to pay debt service on the

bonds authorized in this section.

NEW SECTION. Section 2. Regional water projects -- conditions of loans. (1) The regional water projects to be funded with proceeds of the bonds authorized in [section 1] are projects for the construction, expansion, or improvement of regional water systems eligible to receive funding under 90-6-715 to the extent determined by the department of natural resources and conservation.

(2) Disbursement of proceeds of the bonds is authorized in [section 1] to pay construction expenses for an eligible regional water project subject to the following conditions, which must be met by the regional water authority or other governmental entity owning the regional water system:

(a) approval of a scope of work and budget for the project by the department of natural resources and conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

(b) documented commitment of other funds required for project completion.

NEW SECTION. Section 3. Creation of state debt -- appropriation of coal severance tax -- bonding provisions. (1) Because [section 1] authorizes the creation of a state debt, a vote of two-thirds of the members of each house is required for enactment of [section 1].

(2) The legislature, through the enactment of [sections 1 through 3] by a vote of three-fourths of the members of each house of the legislature, as required by Article IX, section 5, of the Montana constitution, pledges, dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [section 1] to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1 through 3] and the general resolution for this bond program that has been adopted by the board of examiners under the authority provided in Title 17, chapter 5, part 7.

NEW SECTION. Section 4. Three-fourths vote required. Because [section 1] appropriates money from the coal severance tax trust fund, Article IX, section 5, of the Montana constitution requires a vote of three-fourths of the members of each house of the legislature for passage.

NEW SECTION. Section 5. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell

1 Chippewa tribe.

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3 NEW SECTION. **Section 6. Severability.** If a part of [this act] is invalid, all valid parts that are severable
4 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part
5 remains in effect in all valid applications that are severable from the invalid applications.

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7 NEW SECTION. **Section 7. Effective date.** [This act] is effective July 1, 2007.

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